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SUBJECT: POTENTIAL CUTS TO REFUGEE "SAFETY NETS" IN GAZA
AND THE WEST BANK

REF: JERUSALEM 961

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11. (SBU) SUMMARY: With donors currently providing only 20 percent of its requested emergency funds (and earmarking them heavily to rebuild demolished refugee housing in Rafah), UNRWA believes it will be forced to scale back its emergency food and employment programs -- which support fully three-fourths of the 1.6 million Palestinian refugees in Gaza and the West Bank -- in July without an immediate, minimum cash injection of USD 13 million. UNRWA is asking the USG to make a significant and early contribution to its current USD 185.5 million emergency appeal, as it has over the past four years, to prevent this potential break in services. The World Bank and OCHA agree that humanitarian needs will remain substantial in 2005. They caution that relief agencies need to maintain current levels of emergency assistance, which has sustained Palestinians in Gaza and the West Bank over the last four years, to support economic recovery. Although access restrictions in Gaza and the West Bank have become less prohibitive over the last six weeks, OCHA is also recommending that relief agencies stockpile food and medical aid before June to counter the possibility the IDF will "lock down" movement in Gaza to facilitate disengagement. END SUMMARY.

WORLD BANK, OCHA ASSESS NEED FOR EMERGENCY REFUGEE AID

12. (SBU) Last November, the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) issued a USD 185.8 million appeal to extend its emergency programming in Gaza and the West Bank through 2005 -- the eighth appeal UNRWA has issued since September 2000. UNRWA's core emergency programs (food aid, temporary employment, and cash assistance) are the largest in the region, supporting close to three-fourths of the 1.6 million Palestinian refugees who live in Gaza and the West Bank. (NOTE: Palestinian refugees make up 60 percent of total population of the Strip and 29 percent of the total population of the West Bank. END NOTE.) Because this emergency appeal was not based on scenarios that included Israeli withdrawal from Gaza and the northern West Bank, diplomats representing the top five donors to UNRWA asked David Shearer, the Director of the UN Office for the Coordinator of Humanitarian Affairs (OCHA), OCHA Gaza Field Director Sam Sheppard, and World Bank staff member John Wetter during a February 21 meeting in Jerusalem to assess how emergency programming and/or targeting might need to be revised.

WORLD BANK CAUTIONS AGAINST PREMATURELY SCALING BACK AID

13. (SBU) Shearer and Wetter argued that humanitarian needs will remain significant in both the Gaza Strip and the West Bank throughout this year, despite the positive developments that have taken place since the February 8 Sharm-el-Sheik summit. Although the IDF has taken steps over the last six weeks to ease some restrictions at Gaza's border crossings and at its internal Abu Kholi checkpoint -- and has also reduced internal checkpoints/roadblocks in the West Bank from 700 to 650 -- Shearer stressed that a majority of the internal and external closures, which the World Bank/PCSB cite as the main cause of the steady increases in unemployment, food insecurity, and infant mortality in its 2004 Deep Palestinian Poverty Report, are still in place. Wetter added that even if one assumes the IDF will continue to lift access restrictions, the World Bank's "extreme best case" post-disengagement recovery scenario (i.e., a complete return to pre-Intifada levels of access to the Israeli labor market, combined with development programs that create foreign markets for the Palestinian economy) does not/not project unemployment rates dropping quickly enough to warrant scaling back emergency aid programs this year. (NOTE: According to the World Bank/PCSB October 2004 Deep

Palestinian Poverty Report, approximately 75 percent of refugees depend on UNRWA's emergency poverty reduction programs for survival due to rising unemployment rates that reached -- using conservative estimates -- 39.7 percent in Gaza and 23.6 percent in the West Bank in 2004. END NOTE.)

14. (SBU) Wetter and Shearer saw no need for relief agencies to significantly scale up their emergency programs to respond to disengagement, but cautioned that failing to maintain emergency assistance at current levels would deepen poverty, and increase food insecurity, at a time when many Palestinians are looking for a "dividend" from the recent period of calm. (NOTE: In its June 2004 Emergency Food Security Needs Assessment, the WFP estimated that 586,000 Palestinians in Gaza and the West Bank are at risk of becoming food insecure, in addition to the 1.3 million persons who already need food assistance. END NOTE.)

OCHA RECOMMENDS PRE-POSITIONING AID BY JUNE

15. (SBU) Shearer and Sheppard added that OCHA is concerned that breaks could develop in the current aid pipeline. They said that OCHA has been encouraging UN relief agencies to take precautionary measures in Gaza in case the number of closures spikes during disengagement, when the IDF could curtail the movement of humanitarian workers and goods to facilitate the exit of Israeli settlers. Sheppard said that WFP and UNICEF participated directly in OCHA-led contingency planning, and have been stockpiling two months' worth of emergency food and medical supplies in strategic locations in the Gaza Strip based on an early OCHA "worst case scenario" -- a full 90-day lockdown of the Gaza Strip's border crossings, as well as its main internal crossings, that would effectively divide it into three or four blocs at Netzarim, Abu Kholi and Morag. Shearer and Sheppard were unable to comment on UNRWA's preparedness, noting that UNRWA opted to conduct its own contingency planning.

16. (SBU) Shearer acknowledged that UNRWA's operations may be less vulnerable to internal closures than the operations of other assistance providers, given the large size of its local staff in Gaza (about 8,400 persons), and that recent press reporting suggests the IDF hopes to complete disengagement in the Gaza Strip without a prolonged "lock down." He nonetheless recommended that UNRWA attempt to pre-position food and medical supplies scheduled to be delivered in Gaza this summer before June, explaining that the majority of UNRWA staff live in the north, in Gaza City, and in the south at Khan Younis. If the IDF closes Gaza's main junctures, as it did during last October's Operation Days of Penitence, UNRWA might not be able to distribute food to refugees in central Gaza between the Netzarim and Abu Kholi junctions -- an area that houses the four UNRWA Camps of Nuseirat, Bureij, Maghazi, and Deir el-Balah, with a combined population of 142,135. Wetter added that the October 2004 Deep Palestinian Poverty Report suggests that rural refugees living outside UNRWA camps in the Gaza Strip could be particularly vulnerable if internal closures spike, as they are already less likely to receive emergency assistance. Shearer thought it unlikely that aid agencies would face similar access problems in the northern West Bank, but noted that OCHA is planning to release a new humanitarian situation report on the West Bank in April; he explained that OCHA is concerned that relief agencies could be inadvertently forced to scale back their aid if donors continue to earmark their contributions for Gaza.

UNRWA'S RESPONSE CAPACITY

17. (SBU) UNRWA Gaza and West Bank Field staff responsible for developing and implementing the agency's emergency programming confirmed in separate February 22-March 9 meetings with refcoord that their contingency planning is in line with that of other UN relief agencies. As in 2004, UNRWA's primary poverty alleviation vehicle is its direct food aid program. The agency is attempting to negotiate access with the IDF to meet its internal target, established in 2001, to warehouse at any one time supplies sufficient to conduct two emergency food distribution rounds in Gaza and the West Bank. Currently, it has sufficient stocks to carry out the one ongoing distribution round, and needs to bring in additional food to carry out distribution rounds scheduled for April and July. (NOTE: To meet 60 percent of the caloric needs of refugee families living below USD 2/day (an Agency-wide target for poverty alleviation set prior to the current Intifada) UNRWA calculates that it will need to distribute emergency food parcels to 132,000 families in Gaza (69 percent of registered refugees, up from 67 percent last year) once every six weeks this year for a total of eight rounds. In the West Bank, it needs to distribute food to 94,294 families (63 percent of all registered refugees) once every three months, for a total of four rounds per year. Since the March 2004 attack on Ashdod port, UNRWA has been unable to retain this schedule in Gaza. New security

measures limited the movement of humanitarian goods; as of February, UNRWA had over 700 loaded containers of emergency food and medicines waiting to be off loaded in Ashdod and 350 empty containers waiting to be transported out of Gaza. END NOTE.)

UNRWA SECURES TEMPORARY ACCESS AGREEMENT...

18. (SBU) According to Olaf Mulander, UNRWA's Chief Field Logistics/Procurement Officer, UNRWA will be able to pre-position sufficient food in Gaza for the April round using a temporary agreement with the IDF to offload 350 containers of food purchased with 2004-year funds from Ashdod through the military-controlled Sufa border crossing over the next four weeks. However, Deputy Gaza Field Director Christer Nordahl told refcoord March 21 that he is still waiting for a response from the IDF to his request to increase the number of containers UNRWA can transport via Sufa from 100/week to 140/week to start pre-positioning food for its July distribution round. Nordahl thought the IDF would grant this access and assured refcoord that UNRWA has sufficient facilities to adequately pre-position these stocks should the Gaza Strip be divided into blocs; in addition to rented warehouse space that UNRWA has secured in central Gaza and at Karni, UNRWA is prepared to use its pre-existing food distribution centers for vulnerable refugees such as the disabled.

19. (SBU) However, he thought it unlikely that UNRWA could supply Gaza using food purchased under last year's appeal. UNRWA is diverting the remaining 300 containers currently in Ashdod, along with an additional 255 scheduled to arrive this month, to the West Bank, using borrowed WFP temporary storage tents that will be set up on UNRWA school grounds, to ensure UNRWA has sufficient stocks to carry out an emergency food round scheduled for April. (NOTE: West Bank Field Deputy Director Jean Tissot told refcoord February 21 that pre-positioning within the West Bank might become necessary if the Jerusalem permit system is tightened as a disengagement-related security measure. He noted that one of UNRWA's primary warehouses is located at its East Jerusalem Field HQ and over 80 percent of his HQ staff reside inside the West Bank. Tissot is analyzing how staff and supplies could be relocated to Ramallah to mitigate the impact the completion of the barrier will have on UNRWA operations if it creates the so-called "Jerusalem envelope." Apart from creating new internet connections, he predicted that additional operating costs would be minimal. END NOTE.)

...BUT MAY CUT BACK AID DUE TO POOR CASH FLOW

10. (SBU) Currently, UNRWA says it has insufficient funds to purchase food for additional rounds of distribution. Although a single food round for Gaza costs about USD 5.8 million and USD 6 million for the West Bank, unobligated funds raised under the 2004 appeal are limited to USD 3.2 million in Gaza (of which USD 632,000 is earmarked for cash assistance) and USD 1.37 million in the West Bank. Current pledges to the 2005 appeal cannot make up the difference as they are primarily earmarked for UNRWA's lower-priority emergency housing programs, with only USD 1.3 million available for food. UNRWA's Gaza deputy director fears that UNRWA could be forced to scale back its emergency assistance programs without an immediate cash injection. Nordahl explained that it requires an average of three months for humanitarian aid to reach Ashdod under UN tendering rules. He added that other poverty alleviation programs, including employment schemes and direct cash assistance, would also be affected by the current level of earmarking.

DONOR RESPONSE AS OF MARCH 16

DONOR	PLEDGE (USD)	EARMARK
Belgium	2,614,380	1,307,190 for food 1,307,190 for indirect hire programs in the West Bank
Saudi Arabia	20,000,000	100 percent Rafah housing
Japan	15,000,000	100 percent Rafah housing
Flanders, Belgium	196,078	100 percent Rafah housing
LDS Church	72,000 in-kind aid (oat cereal)	
Private	11,382	
Total Cash	37,821,840	

10. (SBU) UNRWA's ongoing negotiations appear unlikely to

remedy this situation. Although the UAE is considering a USD 5.5 million contribution, UNRWA External Affairs reports that the UAE has indicated that it wants to earmark its contributions for housing. Amman- and Jerusalem-based EU officials also report that Brussels, has taken a decision in the last two weeks to provide 38 million Euros to the UN,s 2005 consolidated appeal in two tranches (25 million in March and 13 million in September) in the last two weeks, but only six million is earmarked for UNRWA (2.5M for emergency food and 3.5M for emergency employment).

11. (SBU) COMMENT: UNRWA hopes the U.S. and other traditional emergency appeal donors (e.g., the UK, Sweden) will provide an early contribution to its 2005 appeal. Although UNRWA could do more to improve its emergency targeting (refcoord and USAID Gaza/WB will continue to work with EU counterparts to push UNRWA to sign an MOU with WFP, for example), it has created a substantial and necessary buffer in Gaza and the West Bank. An early and significant contribution to help UNRWA maintain its direct food aid and emergency employment programs through 2005 would ensure that sorely needed assistance is not cut off as a result of disengagement-related Israeli security measures, at a time when Palestinians will be looking for dividends and will be voting in legislative elections. END COMMENT.
HALE